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## City Council raises water rates in 10-8 vote after heated debate

### Opponents criticize customer service, billing woes

THOMAS OTT  
*Plain Dealer Reporter*

Cleveland City Council voted 10-8 Monday to raise water rates, a rare display of discord driven by unhappiness with the system's management.

Council approved a series of rate increases extending through 2015. The typical Cleveland customer's rate will rise 82 percent over five

years, while suburban rates climb about 50 percent.

The first step, raising the minimum service charge from \$7 to \$18, will begin showing up on third-quarter residential bills. The first increase will not affect Lakewood, Cleveland Heights, Bedford, Chagrin Falls and Geauga County, which buy water wholesale and resell it to their residents.

Opponents of the raise scolded water officials for customer service and

billing problems that are so severe, "turnaround" experts have been called in. The city has hired a Kansas-based consulting firm, Black & Veatch, Finance Director Sharon Dumas said Monday.

The critics demanded changes in the department's leadership. They also complained that the department had not scheduled community meetings to make a case for the increases.

SEE WATER | A6

### The rate hike

The 1.5 million customers of Cleveland's Water Department should brace for rate increases that will begin July 1 and by 2015 reach 82 percent for the typical Cleveland household and about 50 percent for suburban residents.

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## WATER

FROM A1

### Council raises rates in a close vote

"You have not taken the time to respect the people; to take it to them, to explain it to them," said Jeff Johnson, who cast one of the no votes.

Council President Martin J. Sweeney insisted on frequent progress reports from Black & Veatch and an oversight committee. But he and others in the majority heeded warnings that failure to raise rates could cause the department to eventually deplete its reserves and land in receivership.

"The system is currently in peril — and CWD does not have the luxury of waiting for the

turnaround specialist to complete its work, or even commence its activities," according to a report that the council's consulting firm, the Project Group, presented Monday.

"Raising rates is certainly not a popular act," Councilman Jay Westbrook said before voting yes. "Neither is default."

Consultants and city officials say a continuing decrease in water use is squeezing the budget. Eighty percent of the system's costs are fixed and must be paid regardless of how much water goes out.

The balance sheet doesn't look bad now, but, according to the report, reserves are on a pace to nearly run out by 2015. As soon as next year, the consultants say, the amount could sink below the \$100 million needed to satisfy creditors and bond-rating agencies.

The rate increases would keep the reserves just barely above that minimum by raising an additional \$222 million over the five years.

In all, the system would take in \$1.3 billion during that period, but its financial condition would remain fragile. If water consumption declines more than predicted, revenue could fall short of projections, the consultants said.

The firm said the Water De-

partment also must return collections to formerly high levels, almost 100 percent. The rate slipped below 90 percent in the last two years, with officials blaming a change in the billing system.

Councilman Michael Polensek, another opponent, said during an afternoon committee meeting that the administration was essentially saying, "The sky is falling." Dumas took exception and said she was speaking out of con-

cern, not hysteria.

"We have an extremely valuable asset," she said. "We produce some of the best water in the nation."

Besides Johnson and Polensek, others voting against the increases were Kevin Conwell, Brian Cummins, Zack Reed, T.J. Dow, Dona Brady and Martin Keane. Joe Cimperman was absent.

To reach this Plain Dealer reporter: [tott@plained.com](mailto:tott@plained.com), 216-999-5739